Washington

February 28, 1938

A REVIEW OF BUSINESS CONDITIONS
Confidential

Agricultural-Industrial Relations Section
A.A.A.

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The Federal Reserve Board monthly indexes of industrial production and monthly averages of weekly figures on business activity, as reported by the New York Times, and on industrial production, as estimated by the Department of Commerce, from August 1937 to date are tabulated below.

	New York Times (Normal=100)	Department of Commerce (1923-25=100)	Federal Reserve Board (1923-25=100)
August	110	125	117
September	106	116	111
October	99	107	103
November	89	92	90
December	83	87	84
January	82	86	81
February 1/	80	83	79 (Est.)

1/ Average of 3 weeks except Federal Reserve Board index which is estimated.

An accompanying chart shows the trend of production during the present period of drastic readjustment as compared with similar abrupt declines during three previous periods. The present decline has been somewhat more severe than previous declines of similar intensity and has already lasted about as long as any of the others.

The present decline has not been accompanied by credit stringency which was characteristic of those which started in 1893, 1907, and 1920. There are probably more similarities between conditions now and those during the depression which followed 1920 than during either of the others shown on the chart. Crops were large in 1920 (except wheat) and farm prices which had been high declined sharply. Agricultural production reached record proportions in 1937 and severe price declines occurred late in the year. Residential building shortages existed in

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	New York Times (Norm.=100)	Department of Commerce (1923-25=100)	Federal Reserve Board (1923-25=100)
August	110	128	117
September	108	116	111
October	99	107	108
November	89	98	90
December	83	87	84
January	82	86	81
February 1/	80	83	79 (Est.)

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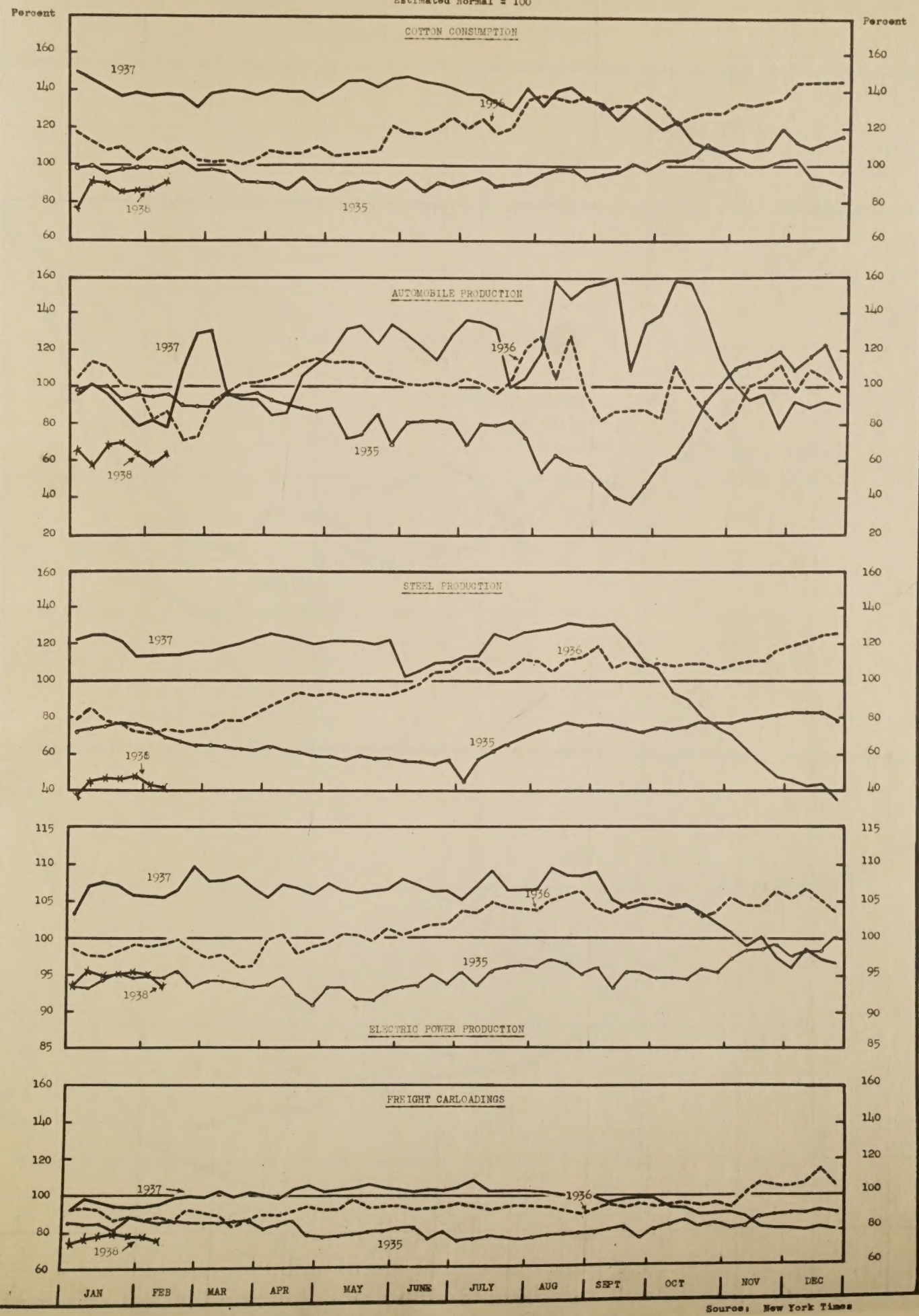
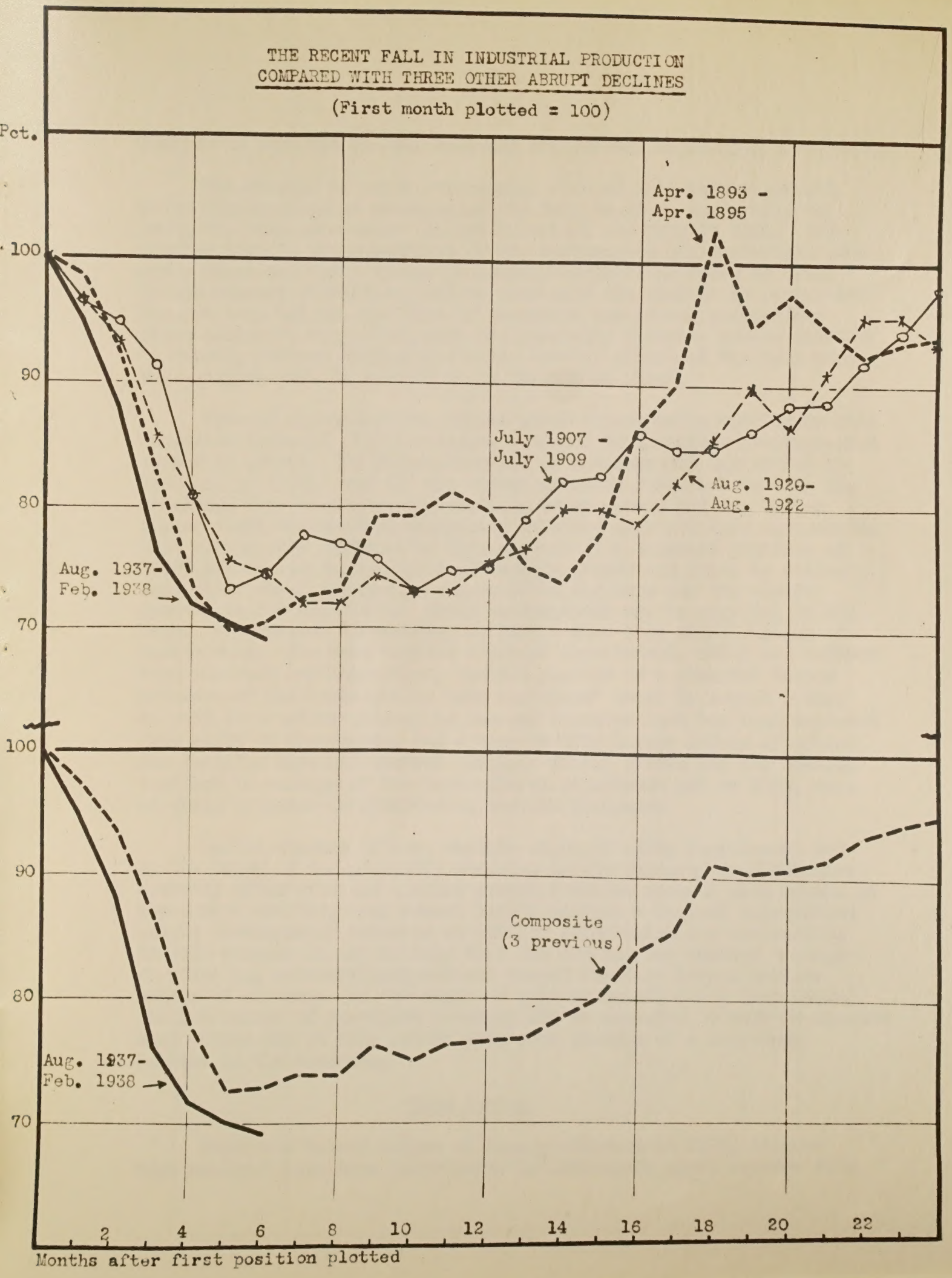
WEEKLY BUSINESS INDICATORS

Adjusted for Seasonal Variation
Estimated Normal = 100



Source: New York Times


THE RECENT FALL IN INDUSTRIAL PRODUCTION
COMPARED WITH THREE OTHER ABRUPT DECLINES
(First month plotted = 100)
Pct.
100
90
80
70
Apr. 1893 -
Apr. 1895
July 1907 -
July 1909
Aug. 1920-
Aug. 1922
Aug. 1937-
Feb. 1938
Composite
(3 previous)
2
4
6
8
10
12
14
16
18
20
22
Months after first position plotted

1921 as in 1937 but in 1921 building was already reviving quite rapidly.

The absence of money stringency, also of such severe general price dislocations as accompanied the 1920 decline, would seem to leave the road more clear for quick revival now than in 1921. Offsetting this is the opposition of big business to administration programs which was not a factor following Harding's election in 1920. Though current statistics fail to show that the decline in production has yet been halted, the rate of recession has slowed perceptibly since December, suggesting that the generally sidewise course charted by monthly indexes following similar drastic slumps of the past may, in a general way, be adhered to in the months ahead.

Some of the underlying forces which appear to be working in this direction include: (1) Government attempts to stimulate overdepressed commodity prices; (2) intensification of Governmental activities in the housing field, and (3) the recent amicable agreement between the Committee for Industrial Organization labor unions and the United States Steel Corporation continuing existing wage and hour agreements. This was quickly followed by announcement of a downward revision of $4.00 per ton in the price of automobile sheets and later by notice that other steel product prices would be the same for the second quarter as for the first. These developments may be regarded in the light of potential stimulating factors rather than visible signs of improvement. The more visible signs of improvement, which are neither very numerous nor impressive, include reports of a somewhat better movement of used automobiles into consumers' hands in recent weeks, as well as a better pick-up in new car business than had been expected this early in the season, and a considerably larger volume of orders for textiles than for several months. Rising prices for raw cotton, incident to passage of the Agricultural Adjustment Act of 1938, were no doubt a factor in stimulating textile business.

In the absence of more visible signs of early improvement and on the basis of the generally sidewise course followed by productive activity after previous similar abrupt declines several more months of productive activity near recent levels appears a logical expectation unless Governmental attempts at earlier stimulation are successful. In this respect it may be said that the decline has reached a stage at which any extraordinary efforts toward recovery have a maximum chance of success. On the basis of past movements alone (see chart) the beginnings of sustained recovery may be expected to make an appearance within six to nine months with good chances of a temporary revival in the meantime.

Farm Income

Despite a record volume of farm production in 1938, farmers have realized less from their sales in each month since October than

1931 as in 1937 but in 1931 building was already reviving quite rapidly.

The absence of money stringency, also of such severe general price dislocations as accompanied the 1930 decline, would seem to leave the road more clear for quick revival now than in 1931. Offsetting this is the opposition of big business to administration pressure which was not a factor following Harding's election in 1920. Though current statistics fail to show that the decline in production has yet been halted, the rate of recession has slowed perceptibly since December, suggesting that the generally acknowledged source started by monthly indexes following drastic slumps of the past may, in a general way, be adhered to in the months ahead.

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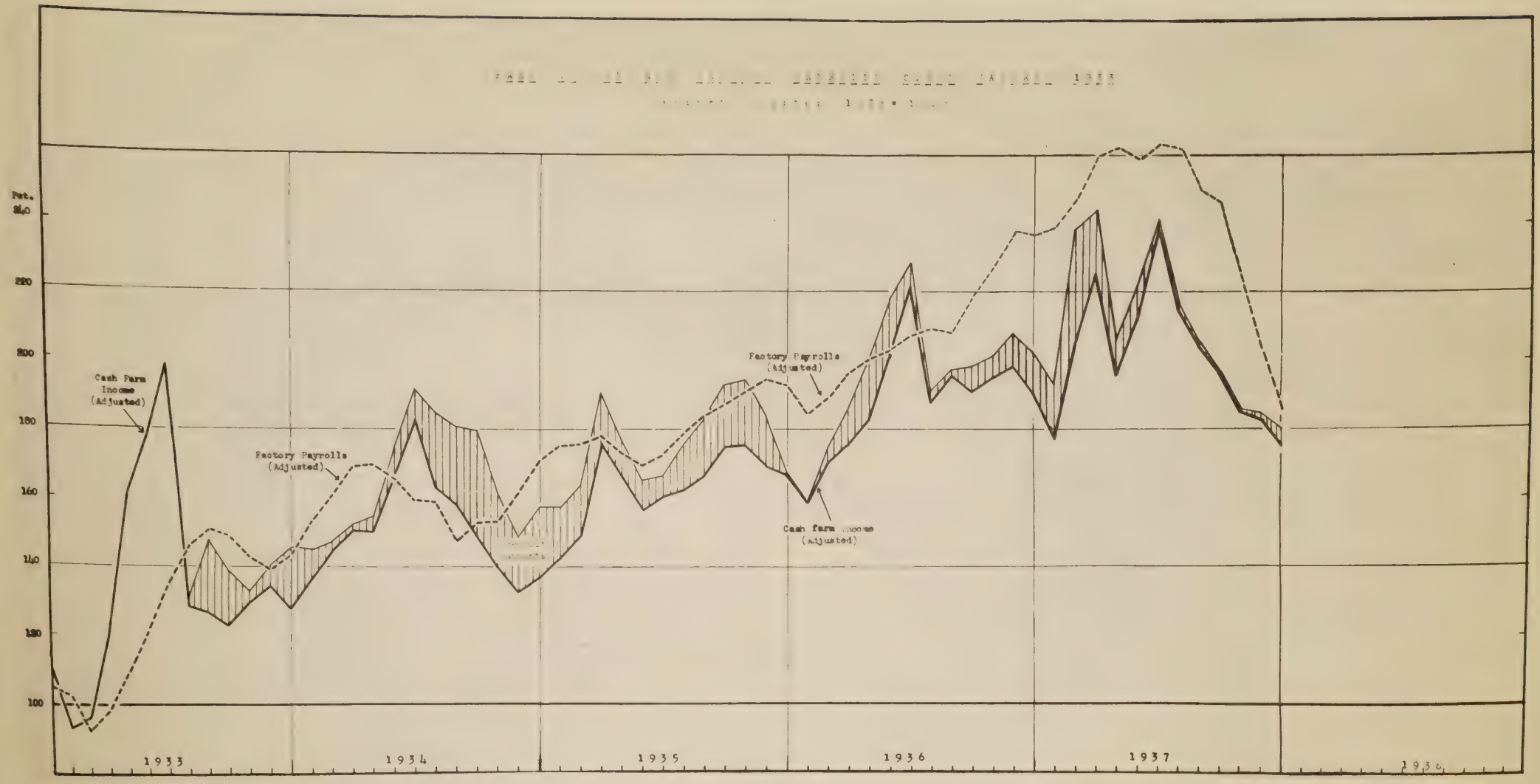
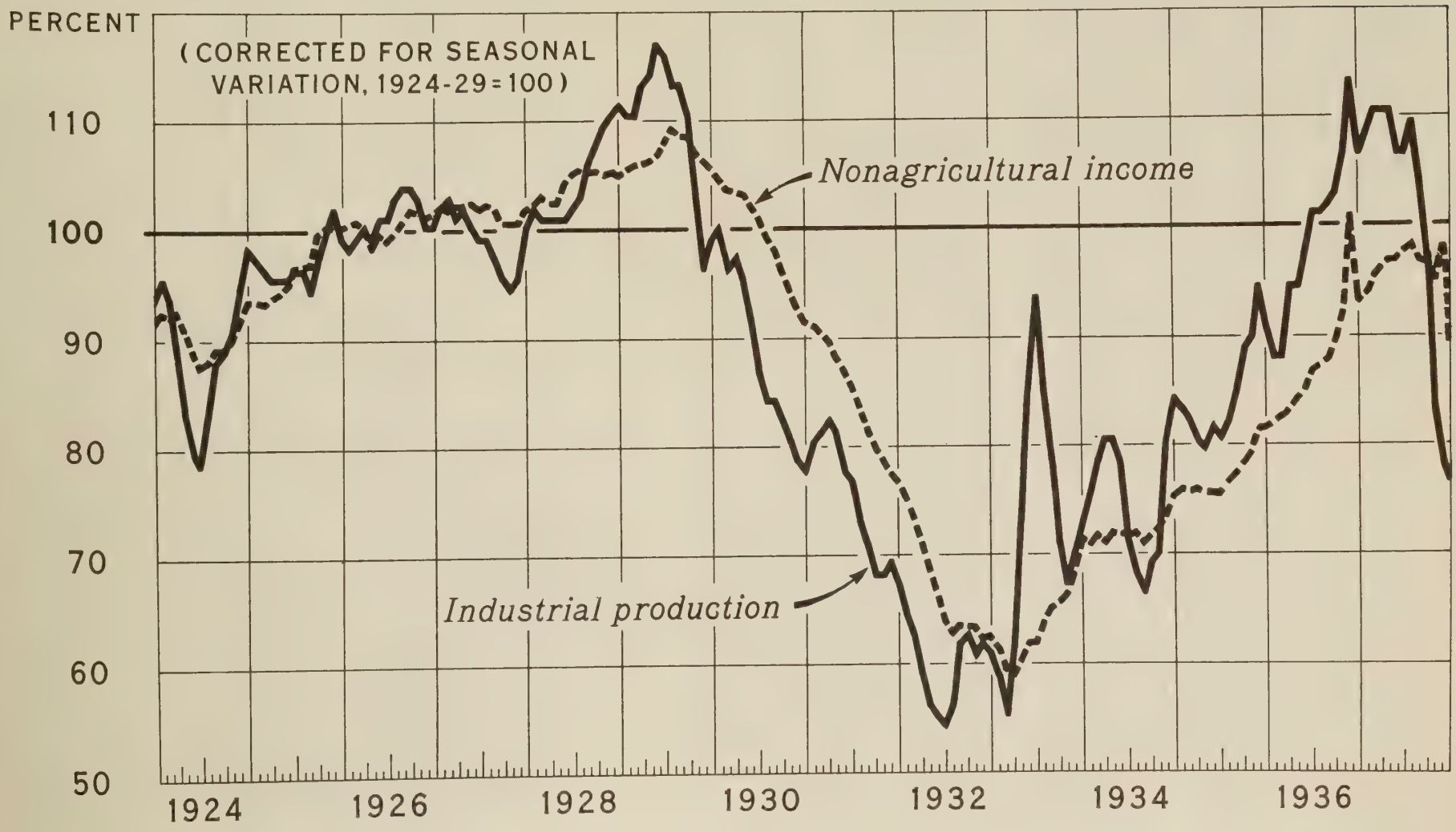

Per.
240
220
200
180
160
140
120
100
Cash Farm Income (Adjusted)
Factory Payrolls (Adjusted)
Factory Payrolls (Adjusted)
Cash farm income (Adjusted)
1933
1934
1935
1936
1937
1938

MONTHLY INDEXES OF INDUSTRIAL PRODUCTION AND OF NONAGRICULTURAL INCOME, 1924-37



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was realized in the corresponding month a year earlier. The explanation is, of course, to be found in the drastic slump in farm prices which, in January of 1938, were down to 102 percent of the 1910-14 average as compared with 131 at the recovery peak a year earlier.*

Though the decline in farm income has as yet been but moderate the period of gains which accounted for a 100-percent increase between 1932 and 1937 has ended. Income results for the current year as a whole will, of course, depend primarily on trends in industrial production and income of the nonfarm population. Should the 1938 year-to-year decline in farm cash income from sales be no greater per month than that for the three months ending with January, farm cash income for 1938 would be about 500 million dollars less than in 1937 and about the same as it was in 1936. The decline may well be larger.

Larger Government payments to farmers in 1938 than in 1937 will offset, in part, the expected lower income from sales. Government payments to farmers, according to data furnished by the Budget Section of the Agricultural Adjustment Administration, are expected to total $360,000,000 for the period from February 1 to June 30, 1938. Payments reported by the Bureau of Agricultural Economics totaled $287,000,000 during the corresponding months of 1937 and amounted to only $58,000,000 for the 7 months ended January 1938. Cotton price adjustment payments which are expected to be made after June of this year will exceed total last-half payments in 1937 by nearly $100,000,000. Total Government payments to farmers for the 1938 calendar year are expected to exceed those of 1937 by at least $200,000,000.

Nonagricultural Income

Nonagricultural income is estimated at $4,944,000,000 in January 1938. This represents a decline of just one-half billion dollars from the August 1937 peak and is as great as the entire recovery between September 1936 and August 1937. On an annual basis, nonagricultural income in January was at the rate of 59 billion dollars as compared with our estimate of 64 billion dollars paid out for the year 1937. January was the second consecutive month in which income was under the corresponding month a year earlier.

Since curtailed productive activity is reflected at a later date in reduced corporate dividends and lower payrolls in the service industries, income may be expected to continue its downward trend for several more months. On the basis of price and production trends, we estimate that nonagricultural income declined about 2 percent in February.

This adverse trend in nonagricultural income will be translated directly into reduced retail expenditures for food products and indirectly

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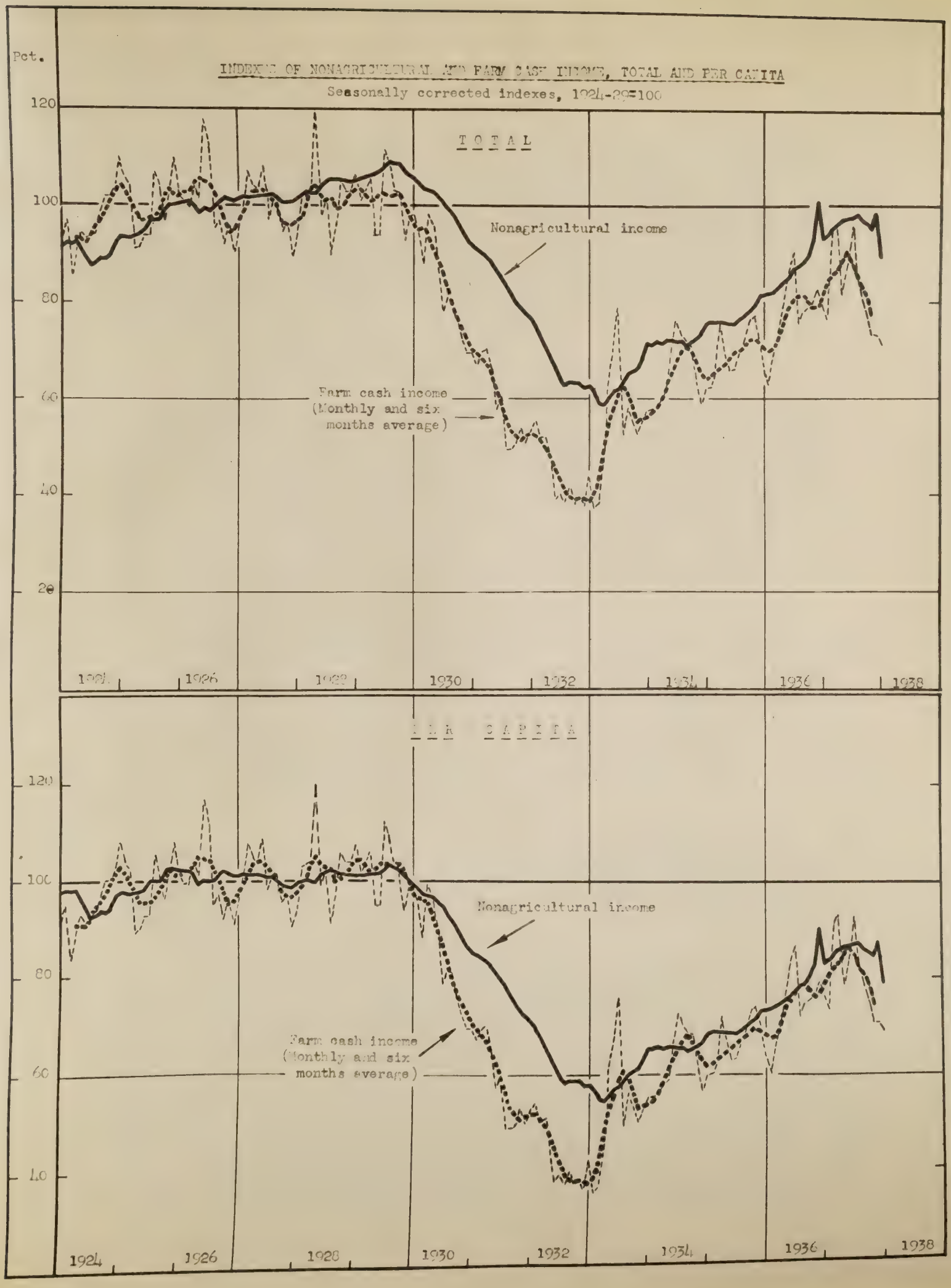
* The February 1938 farm price index has just been reported at 97.


Pct.
INDEXES OF NONAGRICULTURAL AND FARM CASH INCOME, TOTAL AND PER CAPITA
Seasonally corrected indexes, 1924-29=100
TOTAL
120
100
80
60
40
20
Nonagricultural income
Farm cash income
(Monthly and six
months average)
1924
1926
1928
1930
1932
1934
1936
1938
PER CAPITA
120
100
80
60
40
Nonagricultural income
Farm cash income
(Monthly and six
months average)
1924
1926
1928
1930
1932
1934
1936
1938

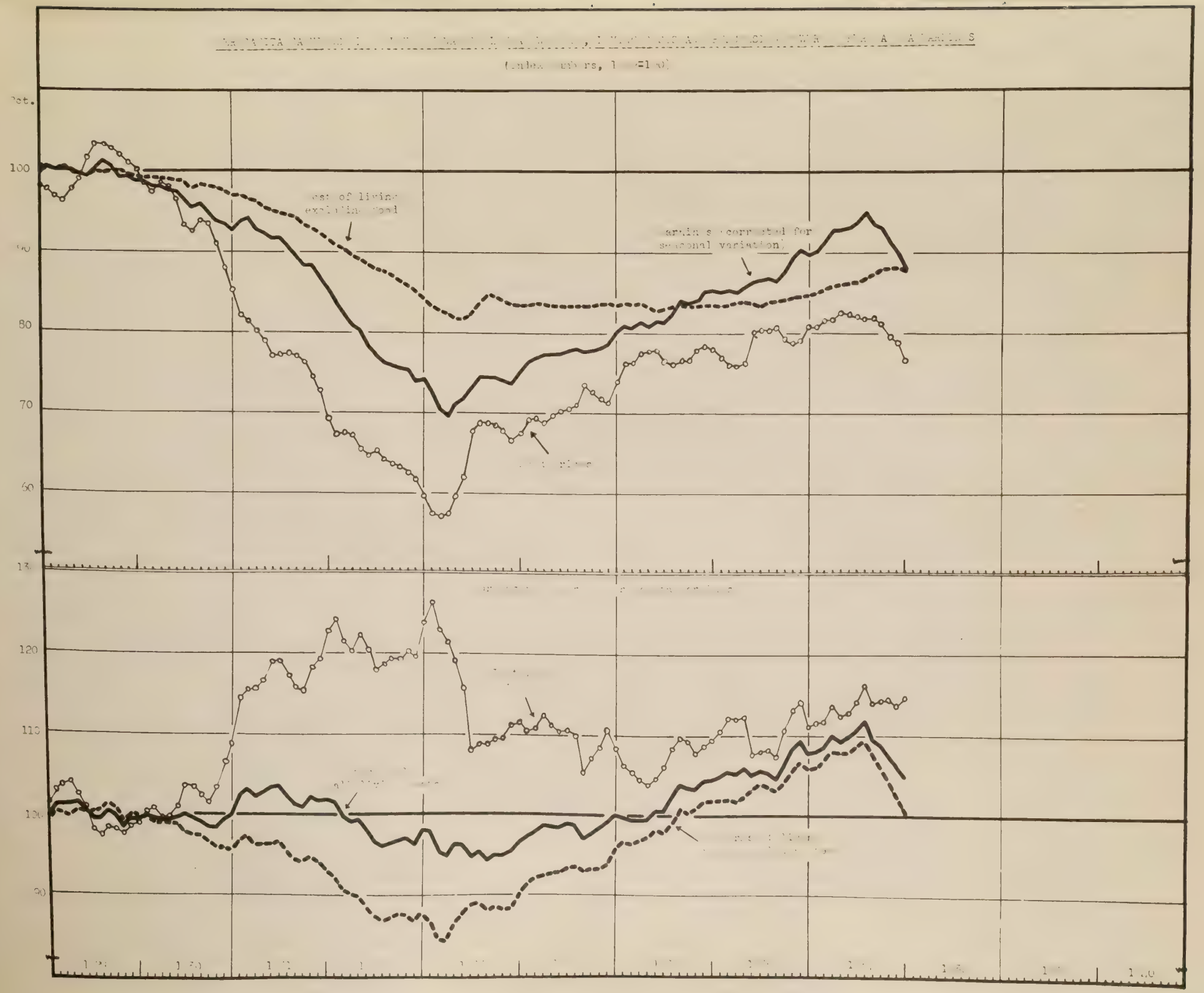
in lower farm income. Under existing conditions the farmer's share of the retail food dollar may be expected to decline. Should freight rates on farm products be increased, in line with the present petition for a 15-percent increase which is now being considered by the Interstate Commerce Commission, the farmer's share of the consumer's food dollar can be expected to be cut even further. That is to say, with consumer income declining, retail food prices cannot be increased and any addition to the cost of distribution will necessarily be passed back to the farmer.

Buying Power of Employed Nonagricultural Workers

An attached chart gives indexes of the real income of employed nonagricultural workers by months from January 1929 through January of 1938 in terms of food costs as well as in terms of other and all living costs. The decline in food prices from the 1929 peak to the lows of early 1933 were concurrent with a drastic slump in per capita earnings of employed workers. The decline in food prices, however, was so much more drastic than the contraction in per capita earnings that earnings of employed workers increased, in terms of food prices, about 20 percent during the year following June 1930 and then for the next two years averaged more than 20 percent higher than in 1929. The sharp recovery in food prices which started with the second quarter of 1933 had, within a few months, canceled about half of this increase in income relative to food prices. However, the income of employed workers has averaged 10 percent higher than in 1929 for the past five years. Income of employed workers in terms of food costs had declined to 104 percent of the 1929 average by mid-1935 but a definite upward trend has since been in evidence with the result that income, in terms of food, is now about 16 percent higher than in 1929 despite curtailment in per capita earnings since last August.

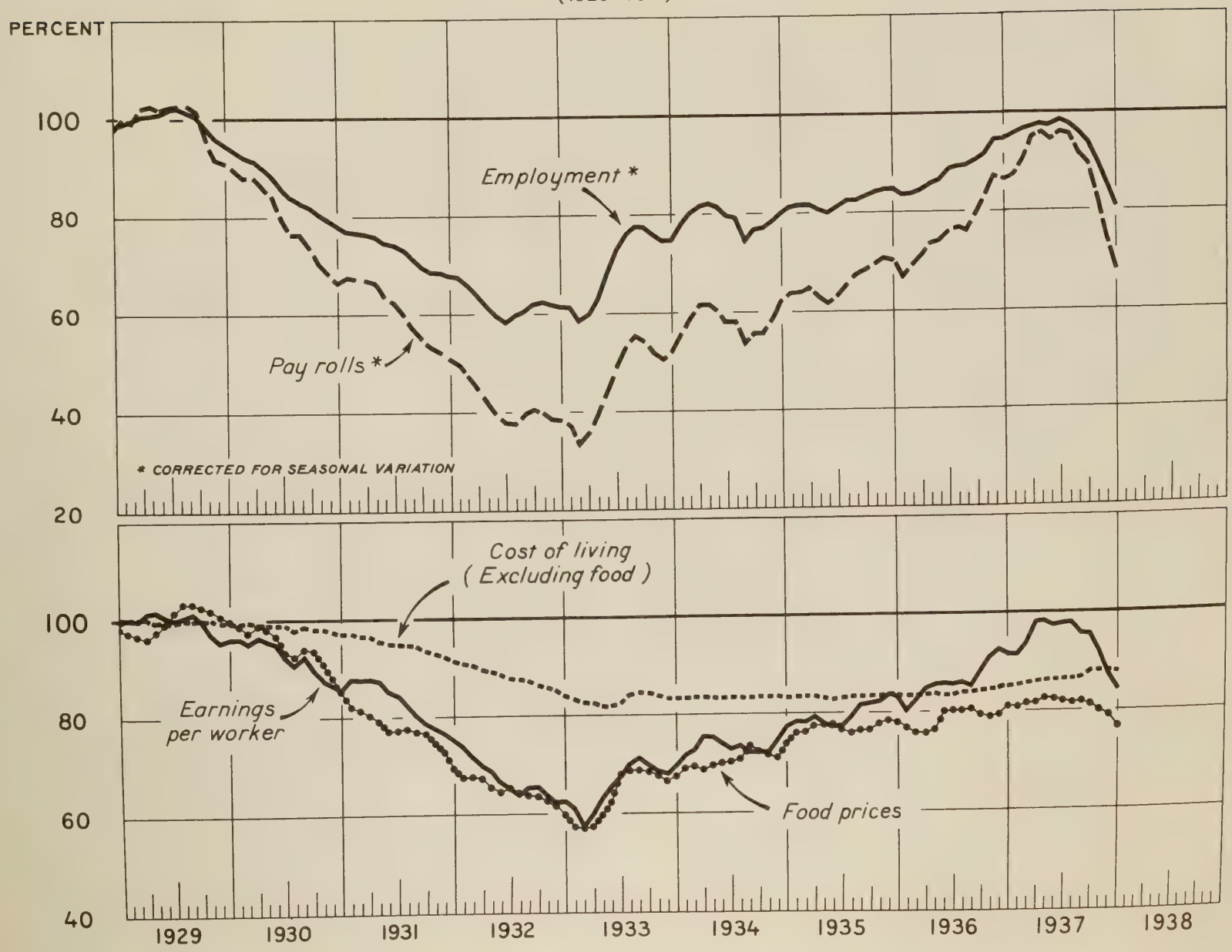
In terms of the nonfood items of the urban worker's budget, per capita earnings in January of this year were just equivalent to the 1929 average, whereas in terms of all living costs, his income was 5 percent higher than in 1929. The entire increase was therefore due to relatively low food prices.

The trend of income per person employed in manufacturing (see attached chart) closely paralleled the fall in food prices from 1929 to 1933. Similarly, the recovery in per capita incomes and food prices followed almost parallel courses up to mid-1936; but for the two years following, earnings per employed factory worker increased considerably faster than food prices. During this two-year period there was a 17-percent increase in the real income of employed factory workers in terms of food costs. Since August of last year, however, factory worker income has dropped much faster than food prices. Consequently, the per capita buying power of factory workers, in terms of food, was 8 percent lower in January 1938 than in the preceding August though it was still 10 percent higher than in 1929.


100
90
80
70
60
120
110
100
90

FACTORY EMPLOYMENT, PAY ROLLS, EARNINGS PER WORKER, AND COST OF LIVING

(1929 = 100)



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Food and Other Living Costs

Reference to the two charts mentioned above will make it plain that relatively low food costs since 1930 have been an important factor in sustaining the buying power of employed workers. At no time during this period have food costs been as high relative to pre-depression as the per capita income of employed nonagricultural workers. On the other hand, the nonfood items of the urban worker's budget were higher than his income relative to 1929 until late 1935. From then until January of this year earnings of employed workers were higher relative to the 1929 base period than the nonfood costs in his living budget. The two indexes were together in January 1938 and the nonfood costs will no doubt be high relative to earnings in future months.

It is obvious from the foregoing that attempts to bring farm prices into better balance with those of nonagricultural commodities, in order to give the farmer a more equitable share of the national income, would not place an undue burden on the budget of the urban consumer. It is other costs than food that will tend, in the immediate future, to reduce his real income as they did from 1933 to 1934.

Unemployment and Relief

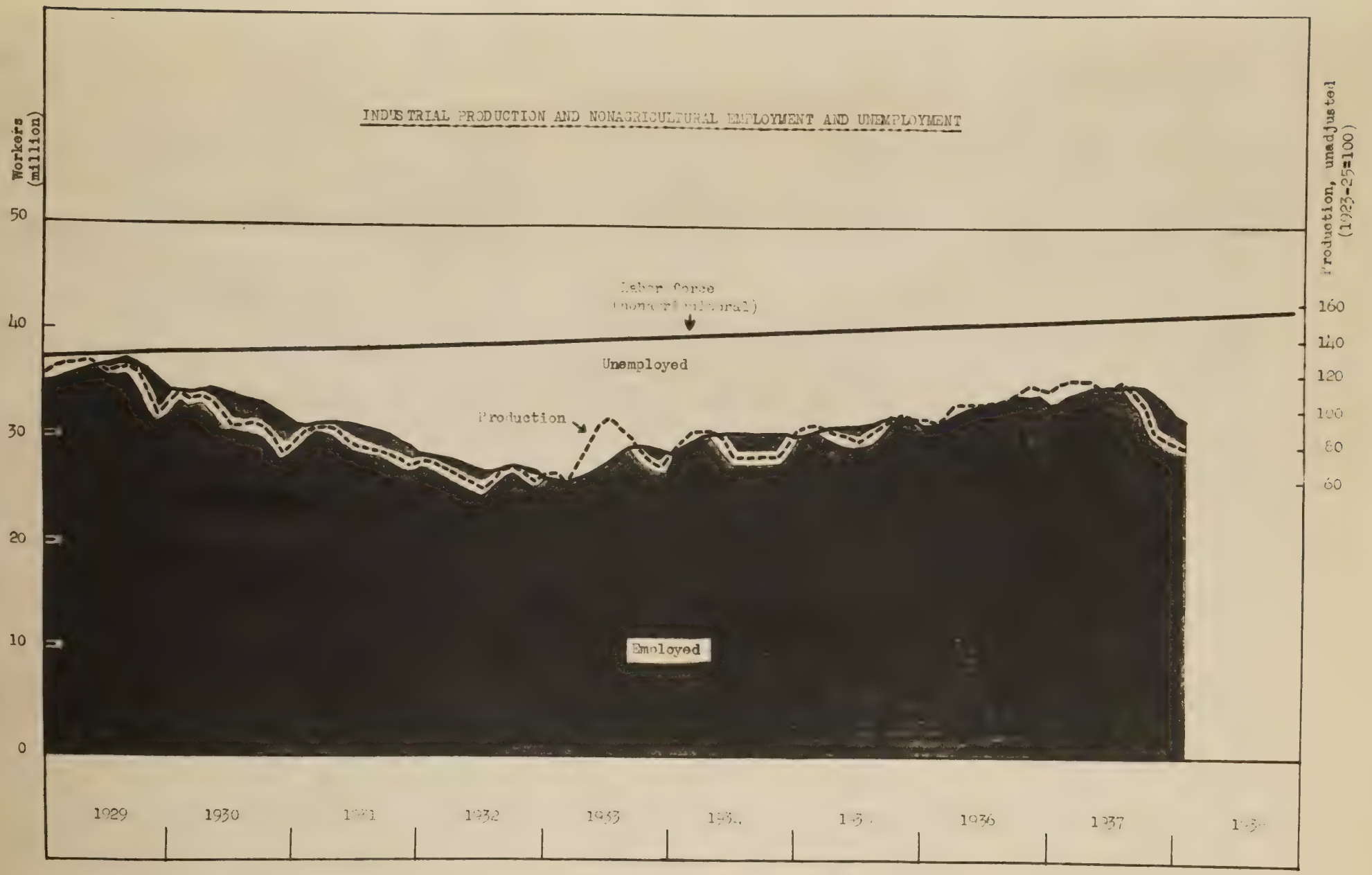
Our estimates show that nonagricultural unemployment increased from 6,433,000 to 9,970,000 between June 1937 and February 1938. Of this increase 95.8 percent has occurred since October. The rate of this increase in unemployment is considerably in excess of that following September 1929 (see attached chart). The amount of relief expenditures for 1936 and 1937 were almost constant in relation to unemployment as shown below:

	Nonagricultural unemployment 1/	Relief expenditures 2/ (confidential)	Expenditures per nonfarm persons unemployed
	(000)	(000)	
1933	11,861	$1,047	$ 90
1934	9,617	1,743	181
1935	8,929	2,128	238
1936	7,755	2,618	338
1937	6,957	2,333	335
1938	9,300		

1/ Agricultural Adjustment Administration estimates.
2/ Social Security Board unpublished data; includes all Federal, state and local, except expenditures in caring for transients, and excludes administration costs.

Food and Other Living Costs

Retirement to Mas Tan should continue above well into the 1960s as it is quite [illegible] for food costs [illegible] to be important factor in [illegible] of employed workers. If no [illegible] the [illegible] years [illegible] to fully maintain [illegible] [illegible] as the [illegible] terms of employment [illegible] [illegible] [illegible]


INDUSTRIAL PRODUCTION AND NONAGRICULTURAL EMPLOYMENT AND UNEMPLOYMENT
Workers (million)
50
40
30
20
10
0
Production, unadjusted (1923-25=100)
160
140
120
100
80
60
Labor force
Unemployed
Production
Employed
1929
1930
1936
1937

It would require at least 3 billion dollars in 1938 to maintain the 1926-37 ratio of relief expenditures to nonfarm unemployment. Relief expenditures in January of this year were estimated at $206,000,000. This was a drop of 12 percent as compared with those a year earlier but was about 30 percent lower in relation to estimated unemployment. Should expenditures for the remainder of this fiscal year run at the January rate, plus an additional quarter billion dollars just voted for use of the Works Progress Administration, about $1,500,000,000 would be expended in the first 6 months of 1938. Needs will continue acute after mid-year but the amount of funds which will be made available for expenditure is, of course, not known.

A larger portion of the income of unemployed workers, and of others who have very low incomes, is undoubtedly spent for food than the average proportion spent by all workers. Thus the percent of total income paid out which is spent for food tends to be relatively high under distress economic conditions. This tends in a minor way to offset the depressing effects on farm income of relatively high processing and distributing costs in periods of declining prices.

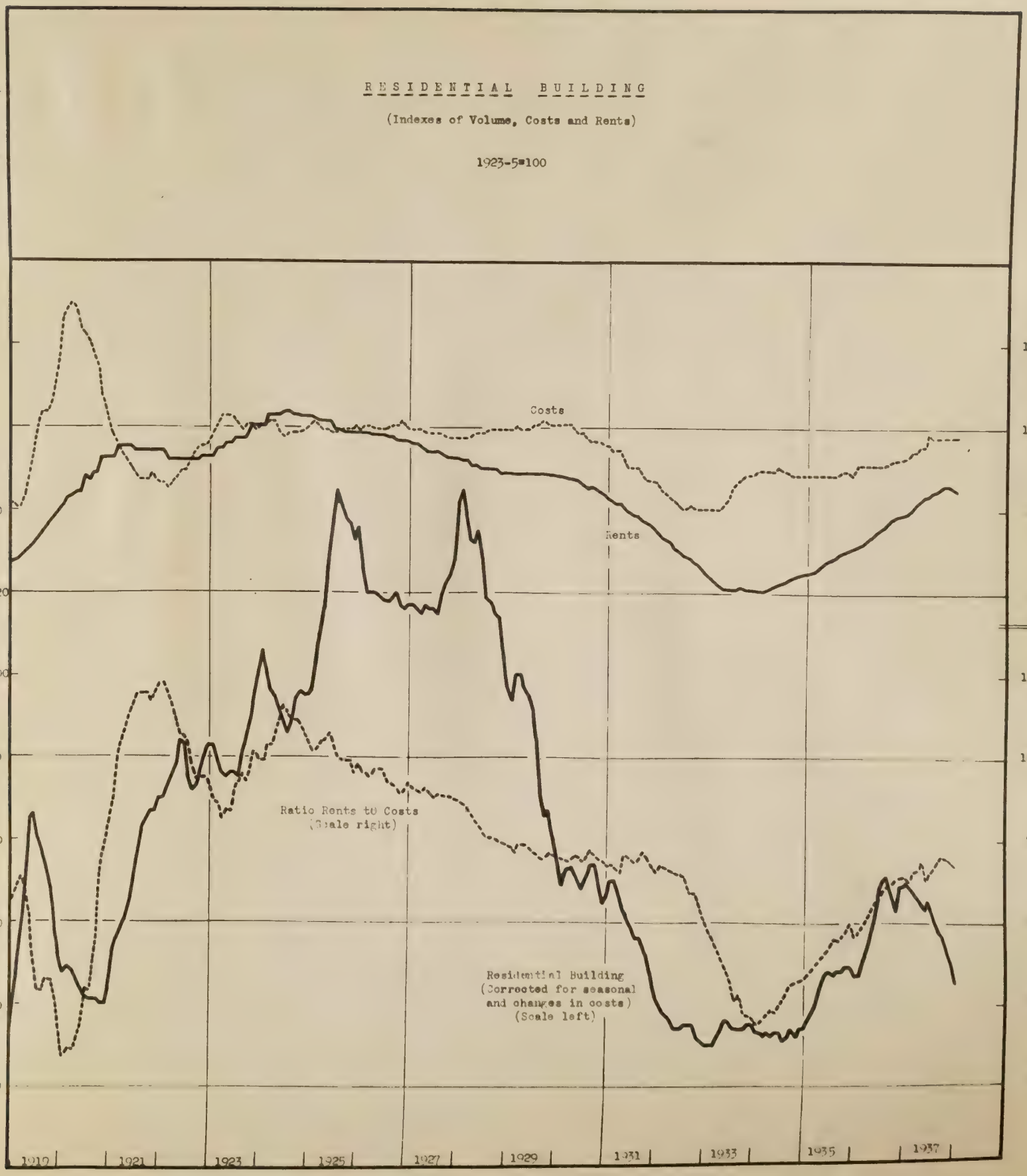
Housing Outlook

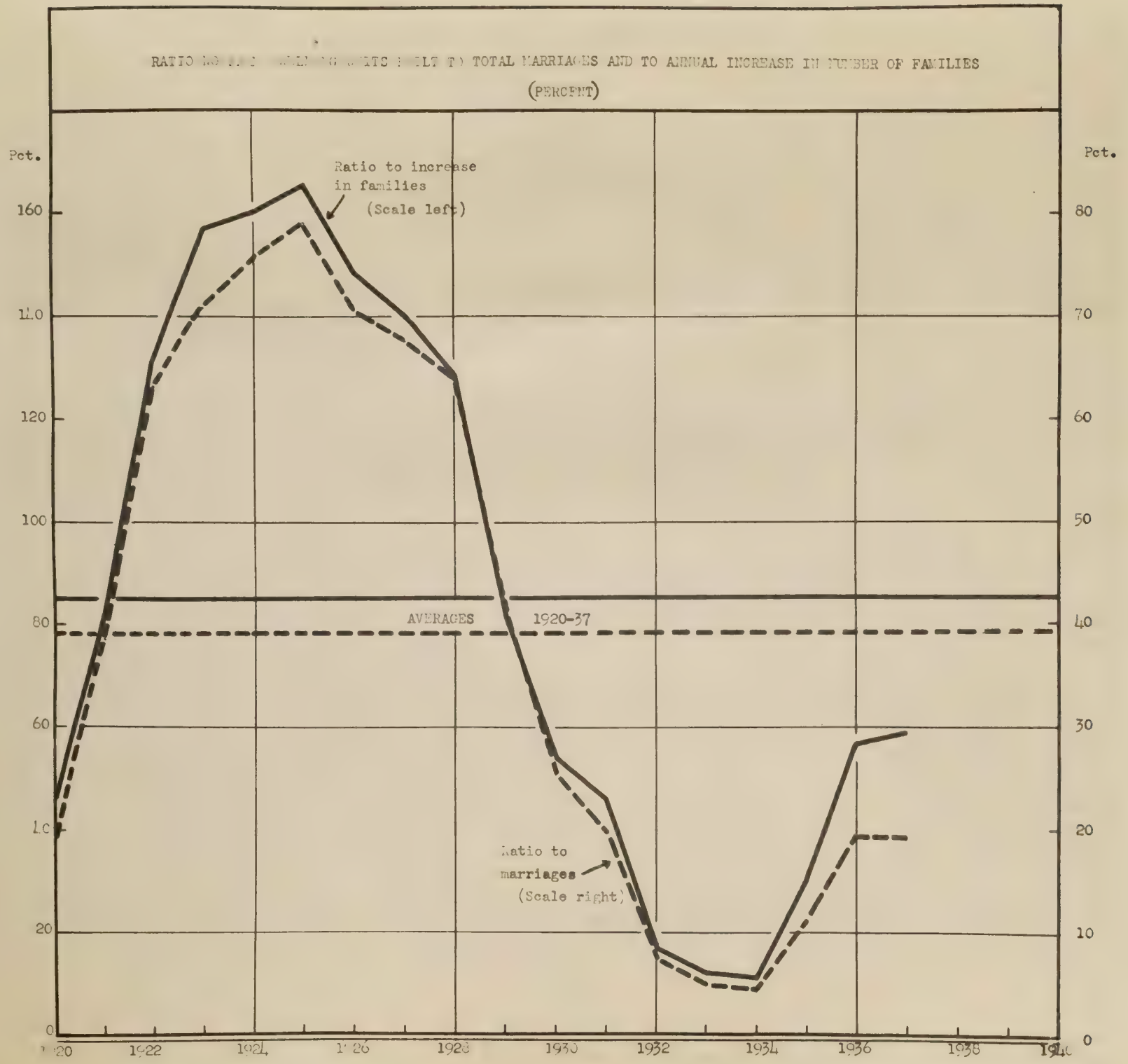
Liberalized loans, lengthened amortization periods and lower mortgage interest rates, made possible by 1938 amendments to the National Housing Act, will tend to stimulate residential construction; but tardiness of the intensified Government efforts to stimulate home construction may result in sufficient delay in the maturing of any great volume of building plans to prevent the imparting of much strength to general economic activity at the period when it is most needed.

In any event the reduced immediate outlay needed to build a home should ultimately result in substantial stimulation to residential construction. High costs and receding rents are, of course, discouraging (see attached chart); and together with an unusually drastic slump in consumer incomes will, no doubt, modify for a time any improvement which might otherwise occur.

Shortages in residential construction are rather general. According to the Association of Real Estate Boards, no cities were reporting overbuilding of single family dwellings last July, whereas 73 percent reported shortages. Apartment building shortages were reported by 58 percent of the cities and overbuilding by only 3 percent.

These evidences of shortages are borne out by the recent low ratio of nonfarm residential building to annual increases in the number of families and to marriages. This is illustrated by an accompanying chart and by the following tabulation.


RESIDENTIAL BUILDING
(Indexes of Volume, Costs and Rents)
1923-5=100
Costs
Rents
Ratio Rents to Costs
(Scale right)
Residential Building
(Corrected for seasonal
and changes in costs)
(Scale left)
140
120
100
80
60
40
20
0
120
100
80
60
110
100
90
80
70
60
1919
1921
1923
1925
1927
1929
1931
1933
1935
1937


RATIO [illegible] TOTAL MARRIAGES AND TO ANNUAL INCREASE IN NUMBER OF FAMILIES
(PERCENT)
Pct.
Pct.
Ratio to increase in families (Scale left)
AVERAGES 1920-37
Ratio to marriages (Scale right)
160
140
120
100
80
60
40
20
0
80
70
60
50
40
30
20
10
0
1920
1922
1924
1926
1928
1930
1932
1934
1936
1938
1940

Residential Building, Marriages, Increase in Number Families, 1920-37

	Nonfarm dwelling units built 1/ (000)	Annual increases in total number families 2/ (000)	Total number of marriages 3/ (000)	Ratio dwelling units built to Increase in families (Pct.)	Ratio dwelling units built to Marriages (Pct.)
1920	247	535	1,274	46.2	19.4
1921	449	542	1,164	82.8	38.6
1922	716	547	1,134	130.9	63.1
1923	871	554	1,230	157.2	70.8
1924	893	560	1,185	159.5	75.4
1925	937	567	1,198	165.3	78.9
1926	849	574	1,206	147.9	70.6
1927	810	580	1,201	139.7	67.4
1928	753	587	1,182	128.3	63.7
1929	509	629	1,233	80.9	41.3
1930	286	529	1,127	54.1	25.4
1931	212	462	1,061	45.9	20.0
1932	74	447	982	16.6	7.5
1933	64	465	1,008	11.6	4.9
1934	55	490	1,302	11.2	4.2
1935	144	486	1,327	29.6	10.9
1936	276	488	1,427	56.6	19.3
1937	290	486	1,507	59.4	19.2

1/ National Bureau of Economic Research, except 1936 revised and 1937 estimated on basis Bureau of Labor Statistics data (see Labor Review, January 1938, p. 256).

2/ Estimates based on the average number of persons in a family, computed from Census data, and U. S. population.

3/ Bureau of Census through 1932; 1933-35 from annals of the American Academy of Political and Social Science, November 1936; 1936-37 estimated by Agricultural Adjustment Administration.

The building of nonfarm dwellings was only half as great in 1936 and 1937, relative to marriages, as the average ratio of building to marriages for the entire 1920-1937 period. As similar comparison between building and annual increases in the estimated number of families shows that the number of dwelling units built in 1936 and 1937 was about 70 percent as great relative to the additional families as the average for the 18 years, 1920-1937.

These comparisons are made on the basis of nonfarm dwelling units built and the total number of marriages and total annual increases in number of families. There was a slight decline (2.5 percent) in the number of farms from 1920 to 1930 and an increase of 8.3 percent between 1930 and 1935. The increase was undoubtedly due largely to reduced employment opportunities in cities, incident to economic distress.

Obviously, shortages in nonfarm dwellings are still accumulating. Apparently an increase of about two-thirds from the 1936-37 rate in residential building would be necessary to halt this accumulation, quite aside from making up existing shortages. To reach predepression peaks (when war-time shortages were being made up) in the ratios between units built and marriages and between units built and increases in families, a gain of about 250 percent would be necessary. Under these conditions of deficient building and with Government encouragement to home building it will be surprising if residential construction does not become a major recovery factor during the next upswing in economic activity.

Briefs on Selected Industries

In the two previous reviews of business we have given rather detailed discussions concerning the outlook for several industries which usually determine, to a large extent, the trends in productive activity. These include the railroads, construction, automobiles and steel. Additional comments and statistics on residential construction are contained elsewhere in this issue.

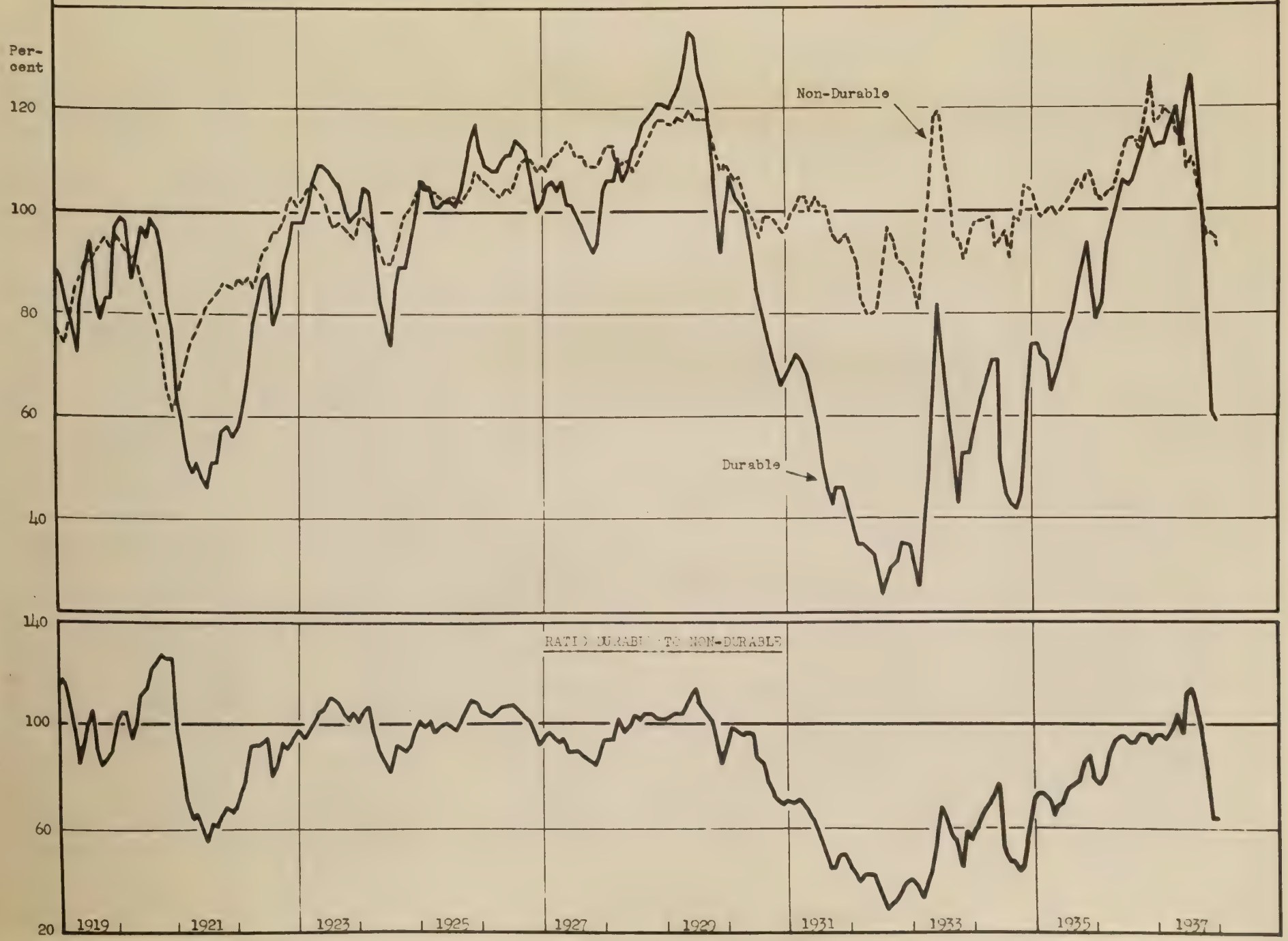
We still believe that railroad equipment buying will continue small even if a major portion of the 15-percent increase in rates which they are requesting is granted by the Interstate Commerce Commission. Carloadings (see first chart attached) averaged 18.5 percent lower in the first 7 weeks of 1938 than for the corresponding period of 1937. Thus a full 15-percent boost in average rates would probably still have left gross revenues lower than in 1937. Costs of handling the smaller volume would, of course, be somewhat less; but higher wage rates will go far toward offsetting any savings in fuel and other costs which the railroads may be able to make.

Some railway equipment buying may follow a freight rate increase, if granted, but this will represent a recovery from near zero and cannot be expected to be in sufficient volume to be a major element in the business situation. The roads, with traffic lower than at this season of any year, except 1933, from 1919 to date have less to buy with than they had in 1936-37 and their needs are not as urgent.

Automobile production in 1938 is not expected to closely approach the output of last year, but full seasonal recovery from the current low rate may very well be realized from now until May. Production during the first 7 weeks of 1938 totaled 410,532 as compared with 605,558 last year--a reduction of 32 percent. United States and Canadian output totaled 5,017,000 passenger cars and trucks in 1937. The industry has planned a $1,250,000 advertising campaign for March in a concerted effort to move used cars, but unless new car prices are revised downward 1938 production may not greatly exceed 3,000,000.

FACTORY PRODUCTION OF DURABLE AND NON-DURABLE GOODS,
AND RATIO OF FORMER TO LATTER, 1919-37

Adjusted for Seasonal Variation (1923-25=100)



With automobile production, construction, and railway buying sharply curtailed and with prospects of a reduced 1938 demand for steel in production of containers and machinery the steel industry appears to be facing an unsatisfactory year. The naval program suggests a larger 1938 demand from the shipbuilding industry, foreign armament programs will support the export market, and up to now agricultural implement plants have continued to absorb a good tonnage (this may change as farm income sags). These sources of sustained demand are not among the more important steel-consuming industries.

Despite the unfavorable year in prospect for steel, new orders have increased about 20 to 25 percent since January and recent rates of production have apparently been well below current requirements. Recovery fully up to or in excess of seasonal, in months immediately ahead, may well eventuate. The ratio of steel ingot production (percent of capacity) the Federal Reserve Board index of factory production of durable goods (1923-25=100) averages about 66 percent, but for the three months ending January 1938 the ratio was only 48. The lowest for any recent year was 61 in 1932. Should durable goods production for 1938 average 70, as compared with 107 for 1937 and about 80 in January, steel ingot production may be expected to average about 45 percent of capacity. The average rate from November 1, 1937 to date has been approximately 30 percent.

Textile production dropped from 116 in August 1937 to 75 in January 1938 (Federal Reserve Board adjusted indexes). At the peak of production, reached in December 1936, the Federal Reserve Board index was at 139 percent of the 1923-25 average. The January 1938 rate of output was 10 percent below the 1932 average which was the lowest for any year for which Federal Reserve Board data are available.

Trade comments state that manufacturers have been drawing on warehouse stocks for the past 3 or 4 months, in meeting hand-to-mouth buying of wholesalers, and that some forward buying has again appeared. Inventories at most mills are said to have been reduced to such an extent that higher operations may soon be necessary to take care of the increasing demand of wholesalers.

Foreign

Data on production abroad are so late that any current comparison with conditions here are not possible. However, latest data show a general leveling off of recovery abroad. Some decline has occurred in Great Britain and in several other countries. Unemployment has increased in both Great Britain and France. Security prices have reacted in most foreign markets but the declines have been less pronounced than in our markets.

Despite German seizure of political control in Austria there appears to be an easing in the tension which has been so evident in Europe of late. This less bad situation is due largely to England's announced intention and France's apparent intention to negotiate agreements with Italy. These will probably include, among other things, recognition of Italy's conquest of Ethiopia and some limitation of Italian help to the Spanish insurgents. Without respect to the longer-term implications of the gain in Italian prestige through this proposed understanding with Great Britain and France, the immediate dangers which surround the present more even balance of power in Europe, will be ameliorated.

Recognition of Italy's control of Ethiopia has favorable economic implications. Capital markets will be opened to permit commercial exploitation of Ethiopia. Any lessening in the tension which has gripped Europe in recent months, tending to permit a more normal flow of trade, should be of special benefit to us now that our domestic trade is so sharply curtailed.

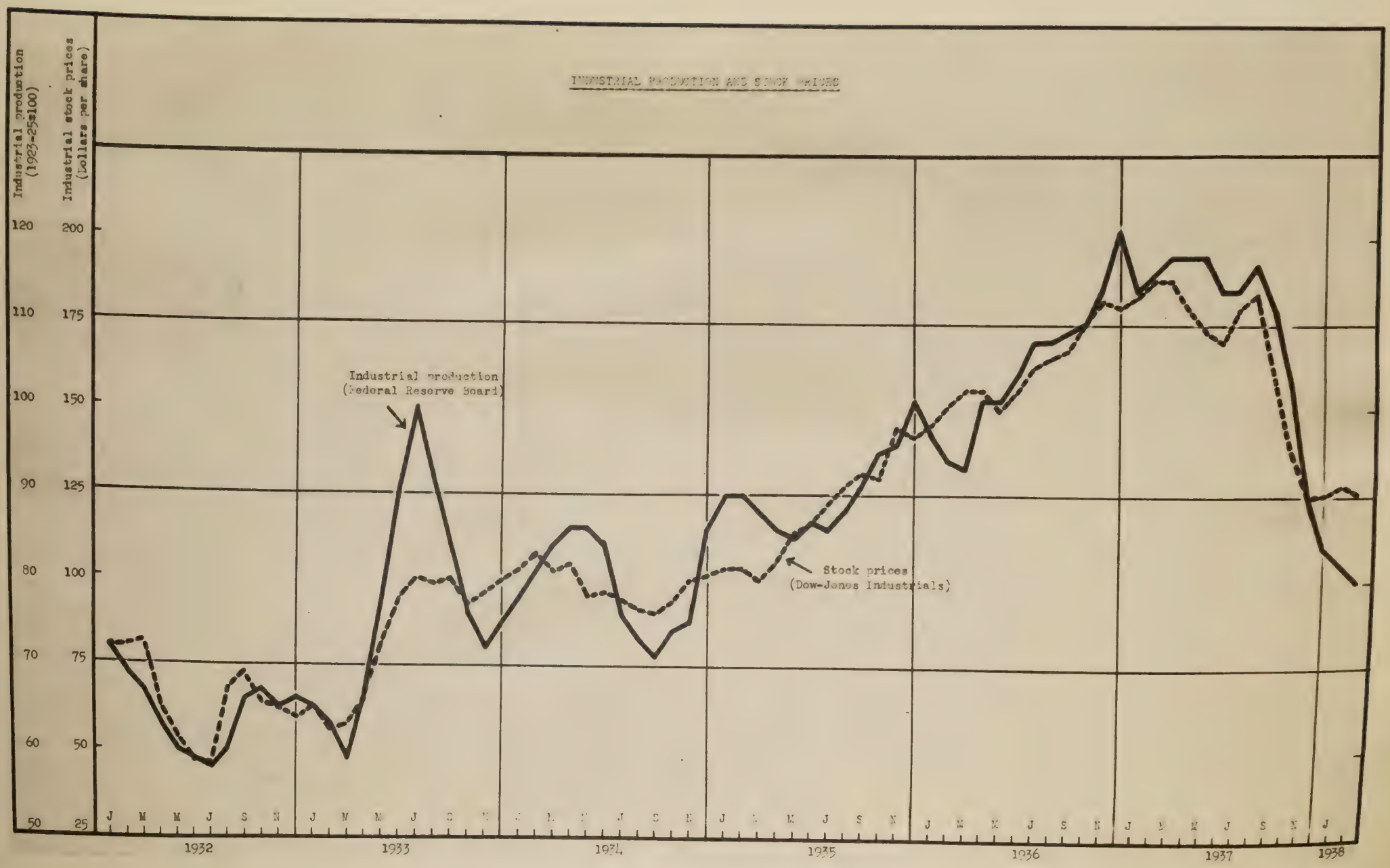
Security Markets

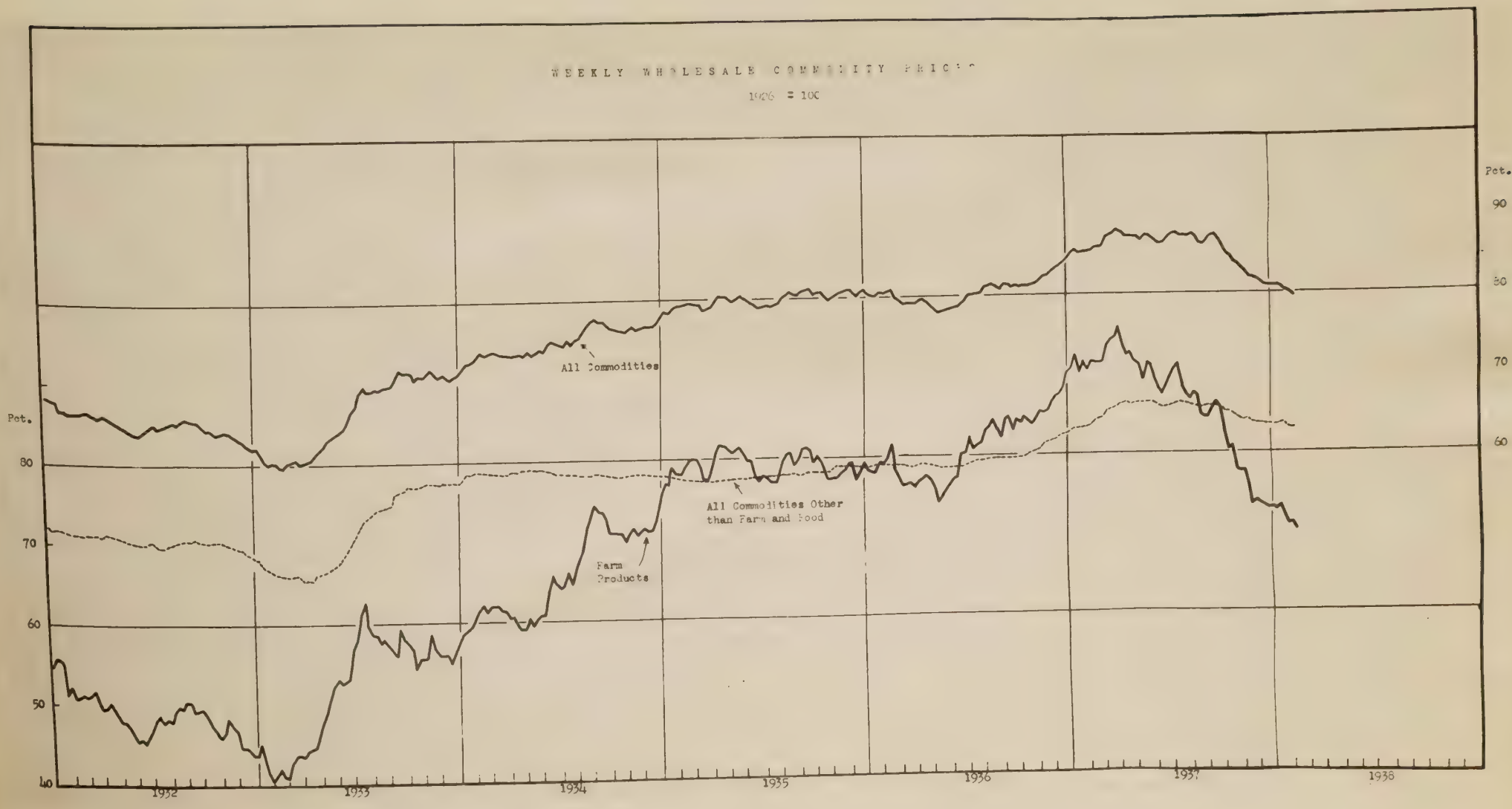
Since the drastic decline from August to November 1937 stock prices have moved sidewise (see attached chart). During this three-month period of stability in stock prices industrial production has declined another 10 percent.

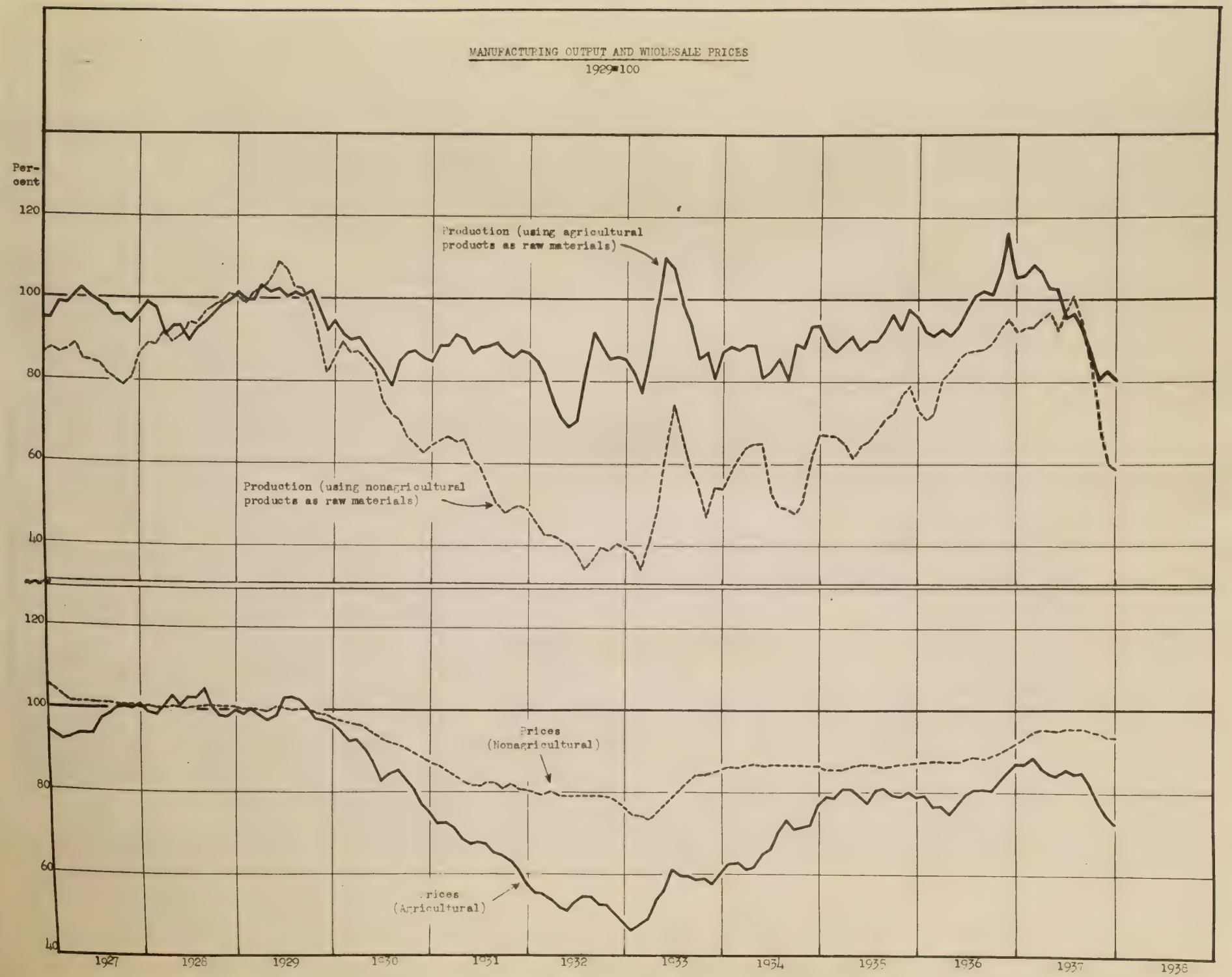
If the movements of stock prices and industrial production are to continue to follow as nearly parallel courses as they have since 1932, except for short periods of time (see attached chart), the disparity which has developed since last November suggests either an early recovery in production or a renewed decline in stock prices.

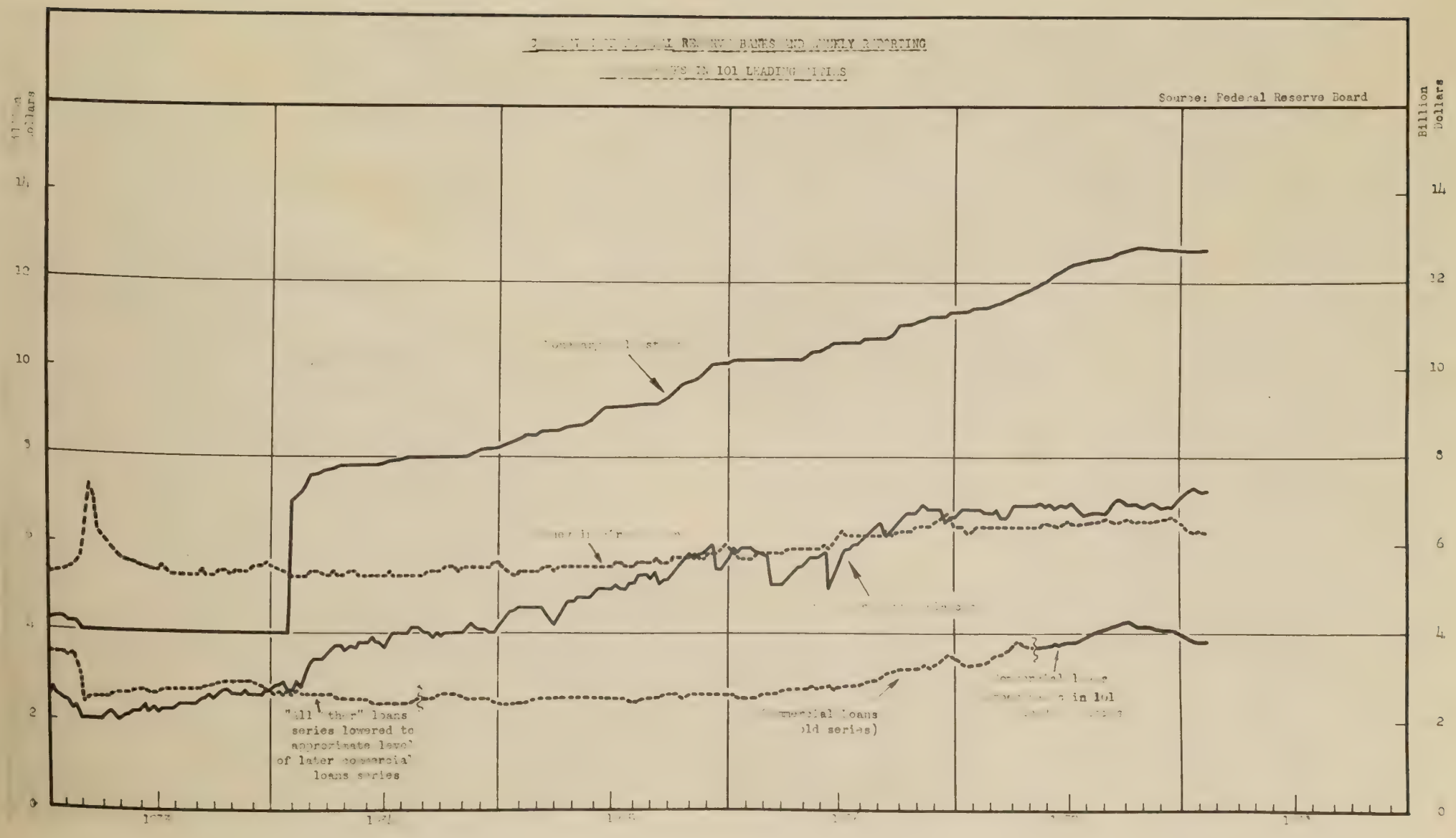
Corporate earnings are probably lower at present than the average for 1934, whereas stock prices ended February 32 percent higher. Dividend declarations in January 1938, as reported by the New York Times and corrected by us for seasonal variation, were 40 percent higher than the monthly average of 1934. They were, however, about 30 percent lower, after adjustment for seasonal variation, than in October 1937. Numerous dividend reductions are announced almost daily and there have been some omissions (notably Chrysler). Stocks are undoubtedly selling at present levels on anticipation of early improvement in business activity.

Corporate bond prices have had the largest rally during the past month that has occurred since the peak prices of December 1936. Since the strength was common to all grades it may be taken as indicative of improved sentiment toward future business prospects. Investors apparently do not, for the time being at least, anticipate further deterioration of consequence in business activity.


INDUSTRIAL PRODUCTION AND STOCK PRICES
Industrial production (1923-25=100)
Industrial stock prices (Dollars per share)
120
110
100
90
80
70
60
50
200
175
150
125
100
75
50
25
Industrial production (Federal Reserve Board)
Stock prices (Dow-Jones Industrials)
1932
1933
1934
1935
1936
1937
1938


WEEKLY WHOLESALE COMMODITY PRICES
1926 = 100
Pct.
90
80
70
60
All Commodities
All Commodities Other than Farm and Food
Farm Products
Pct.
80
70
60
50
40
1932
1933
1934
1935
1936
1937
1938


MANUFACTURING OUTPUT AND WHOLESALE PRICES
1929=100
Per-
cent
120
100
80
60
40
Production (using agricultural products as raw materials)
Production (using nonagricultural products as raw materials)
120
100
80
60
40
Prices (Nonagricultural)
rices (Agricultural)
1927
1928
1929
1930
1931
1932
1933
1934
1935
1936
1937
1938


Source: Federal Reserve Board
Billion Dollars
14
12
10
8
6
4
2
0
"All other" loans series lowered to approximate level of later commercial loans series
in 101

Prices

STATISTICAL SUMMARY OF THE BUSINESS SITUATION

(Indexes, High 1929 month=100;
Adjusted for seasonal variation except as noted)

	Latest month	Preceding month	Year ago	1937 High	1932 Or 1933 Low	1929 High
INCOME:						
Farm	64	66	72	86	33	100
Nonagricultural	82	90	85	90	54	100
National	80	88	85	90	52	100
PRODUCTION:						
Industrial	65	67	91	94	46	100
Durable goods	42	45	83	94	19	100
Nondurable goods	78	79	98	100	67	100
Automobiles	42	51	78	103	10	100
Steel ingots	34	32	94	95	15	100
Textiles	62	64	103	107	49	100
Building contracts	44	49	50	54	11	100
TRADE:						
Dept. store sales	80	79	82	84	51	100
Rural retail sales	75	92	77	95	34	100
New passenger cars	42	50	84	90	18	100
Carloadings	59	61	73	76	44	100
Exports *	56	60	42	63	19	100
Imports *	42	51	59	75	19	100
PRICES:						
All commodities	84	85	89	91	62	100
Farm products	67	68	85	87	38	100
Foods	74	77	84	85	52	100
Nonagricultural	88	89	90	93	68	100
Raw materials	76	76	89	91	49	100
Finished products	88	89	89	93	69	100
Prices rec'd. by farmers	64	67	84	86	36	100
Prices paid by farmers	81	81	85	86	65	100
Cost of living	83	84	83	85	73	100
EMPLOYMENT IN MANUFACTURING	79	83	92	96	57	100
UNEMPLOYMENT, TRADE UNIONS	* 246	238	181	141	405	100

* Series not adjusted for seasonal variation.

STATISTICAL SUMMARY OF THE BUSINESS SITUATION

(Indexes, 1929 Month=100)

Adjusted for seasonal variation except as noted)

Item	March	April	May	June	July	August	September	October	November	December	January	February	March
INCOME:													
Farm	64	59	72	86	93	92	89	85	83	82	81	82	83
Nonagricultural	85	89	88	90	91	92	93	94	95	96	97	98	99
National	80	86	86	90	92	93	93	92	91	91	91	91	92
PRODUCTION:													
Agricultural	65	67	91	94	96	97	98	98	98	98	98	98	98
Durable goods	42	48	85	94	96	97	98	98	98	98	98	98	98
Nondurable goods	73	72	88	100	98	98	98	98	98	98	98	98	98
Automobiles	42	51	78	102	98	98	98	98	98	98	98	98	98
Steel ingots	34	32	84	88	96	97	98	98	98	98	98	98	98
Textiles	52	64	108	107	98	98	98	98	98	98	98	98	98
Building contracts	44	49	80	84	94	96	97	98	98	98	98	98	98
TRADE:													
Dept. store sales	80	78	82	84	91	94	96	97	98	98	98	98	98
Rural retail sales	76	82	77	86	94	96	97	98	98	98	98	98	98
New passenger cars	42	80	84	90	94	96	97	98	98	98	98	98	98
Carloadings	59	81	78	76	84	94	96	97	98	98	98	98	98
Exports *	52	80	42	83	91	94	96	97	98	98	98	98	98
Imports *	42	52	59	76	89	94	96	97	98	98	98	98	98
PRICES*:													
All commodities	84	85	89	91	92	93	94	95	96	97	98	98	98
Farm products	67	80	86	87	89	91	93	94	95	96	97	98	98
Foods	74	77	84	88	91	93	94	95	96	97	98	98	98
Nonagricultural	88	89	90	92	93	94	95	96	97	98	98	98	98
Raw materials	78	76	86	91	93	94	95	96	97	98	98	98	98
Finished products	88	89	89	92	93	94	95	96	97	98	98	98	98
Prices rec'd. by													
Farmers	84	87	94	96	97	98	98	98	98	98	98	98	98
Prices paid by Farmers	83	83	88	92	94	95	96	97	98	98	98	98	98
Cost of living	83	84	85	88	91	93	94	95	96	97	98	98	98
EMPLOYMENT IN MANUFACTURING	78	83	92	96	97	98	98	98	98	98	98	98	98
UNEMPLOYMENT, TRADE UNIONS:*	246	238	181	141	108	98	92	88	86	84	83	82	81

* Series not adjusted for seasonal variation.